Manitoba Mining Task Force

Final Report and Recommendations

April, 2003

Honourable MaryAnn Mihychuk, P.Geo.
Minister of Industry, Trade and Mines
Government of Manitoba
358 Legislative Building
Winnipeg MB R3C 2A3

Dear Minister Mihychuk:

In November 2001, you asked us to take part in an examination of Manitoba's mining, industrial mineral and petroleum industries. As a result, Manitoba's Mining Task Force visited 6 communities in early 2002 to solicit ideas on how to move these industries forward. We were privileged to have been asked to take part in this review as these sectors are critically important to the continued development of our provincial and regional economies. We are grateful to the many Manitobans who took time out of their schedules to present at our Task Force hearings, and we hope that the recommendations we have presented in this final report are reflective of the creativity and industriousness of our local stakeholders.

Our recommendations have focused on what we contend are some of the more critical areas facing these sectors in the coming years. However, we feel that these areas, if properly managed, can lead to further prosperity, competitiveness and growth of these sectors.

We thank you for your consideration of these recommendations.

Sincerely,

Gerard Jennissen, MLA for Flin Flon

Doug Martindale, MLA for Burrows

Tom Nevakshonoff, MLA for Interlake

Harry Schellenberg, MLA for Rossmere

Final Report
Mining Task Force

Introduction and Background

The Government of Manitoba recognizes the importance of the mineral and petroleum industries to future economic development in Manitoba. For years, these sectors have been the focal point of economic development activities in their respective regions. The imprint of the petroleum industry continues to dot the landscape in southwestern Manitoba as is evidenced by the presence of oil wells in the middle of farmers' fields. The mineral industry has created an estimated 13,000 spin-off jobs in northern and eastern Manitoba. The government recognizes that competitive pressures and technological changes have resulted in significant challenges to these industries.

To guide future planning on policy and administrative issues that will affect the long-term viability of these industries, Manitoba convened the Mining Task Force to gather stakeholder and community input on the future direction of the mining and petroleum sectors, and the role government has to play in maintaining the viability of these sectors.

The Task Force comprised the following government members of the legislature: Gerard Jennissen (MLA for Flin Flon), Doug Martindale (MLA for Burrows), Tom Nevakshonoff (MLA for Interlake) and Harry Schellenberg, (MLA for Rossmere). Consultations were held in Winnipeg, Virden, Stonewall, Lac du Bonnet, Flin Flon and Thompson.

Through these consultations, the Mining Task Force heard dozens of presentations from stakeholders in the mineral or petroleum industries, including industry representatives, contractors, Aboriginal groups, labour, environmental organizations, and the general public. These stakeholders were asked to consider the question, "What steps does Manitoba need to take to strengthen and sustain its mineral and petroleum industries?"

Contained in this report are the collective results of the province-wide consultations. The Minister of Industry, Trade and Mines has agreed to consider these recommendations as a guide to future planning activities for the department.

Section 1: Economic Development

The Task Force received a very clear message from communities that understand the prominent role the mineral and petroleum industries have played in the development of their regions, and the need for continued economic diversification. This latter concern was especially heard from northern residents who are increasingly concerned about the withdrawal of the mineral industry through mine closures, as was experienced by the closure of the Ruttan Mine in Leaf Rapids. The Task Force believes that while private sector expenditure and investment is the best method of ensuring prosperous communities, government does have a role to play in promoting exploration, facilitating technological change, and in building critical mass around these sectors. In particular, the Task Force heard many comments about building a more sophisticated cluster in metal manufacturing in Manitoba by focusing on value-added production of our metals. The Task Force recommends:

- **Recommendation 1**: Manitoba must maintain existing financial incentive programs for both the mining and petroleum sectors. While Manitoba's programs are considered to be among the most favourable in Canada, the government must continue to refine and enhance these programs so that Manitoba remains one step ahead of other provinces.
- **Recommendation 2**: The Voisey's Bay development in Newfoundland and Labrador provides both new challenges and new opportunities. Manitoba must work to ensure, with federal assistance, maximum utilization of existing smelting and refining facilities in this province and the possibilities of using the Port of Churchill for shipping both concentrate and finished materials.
- **Recommendation 3**: Manitoba should appoint a business development analyst with a background in geology to communicate the results of the work of the Manitoba Geological Survey, and to assist in the development of additional minerals-related projects, specifically smaller micro-mining initiatives.
- **Recommendation 4**: To enhance business development efforts, the Manitoba Geological Survey should publish an analysis of direct and indirect economic, environmental and social impacts and benefits as part of every completed study.
- **Recommendation 5**: As an inaugural micro-mining initiative, the government should announce a pilot program to encourage artisanal and small-scale mining. Some emphasis on small-scale

mining can contribute to the enhancement of the industry as a whole by building familiarity with the industry among non-geologists, and by strengthening Manitoba's database of locations for new mineral occurrences.

- **Recommendation 6**: The peat industry in Manitoba is worth $50 million annually to the province, and provides 300 jobs for Manitobans. The government should review its tax treatment of the peat industry as a means of gauging its competitiveness with other provinces.
- **Recommendation 7**: The government should consider targeted educational initiatives to build community support and critical mass, and develop the workforce of the future in communities where the mineral and petroleum industries are predominant. The government should also work in partnership with other community organizations, such as the Minerals Society of Manitoba to encourage greater citizen awareness of the industry.
- **Recommendation 8**: Manitoba must continue to encourage the federal government to undertake a thorough investigation of its competitive position in the mineral industry in relation to other competing nations.

Section 2: Sustainable Development

The Task Force learned that the mineral industry has taken a national leadership role in the promotion of biodiversity in Manitoba through Manitoba's Protected Areas Initiative – a consultative approach involving industry, First Nation communities and the environmental community. Manitoba was awarded a 2002 National Claim Tag Award by the Prospectors and Developers Association of Canada in recognition of the government's support and encouragement of a "technically advanced, methodical and transparent process of multi-stakeholder involvement in creating protected areas."

The Task Force also noted concern regarding the environmental impacts of past mining installations, but recognized that considerable progress has been made in the remediation of orphaned mine sites and in ensuring responsible stewardship of mine tailings. The Task Force's recommendations focus on ways of strengthening these important initiatives to ensure their continued success.

- **Recommendation 9**: The government must move swiftly on existing Rank 1 Areas of Special Interest (ASIs) to ensure that environmental concerns are respected while providing greater certainty in the province's mining investment climate, and continued progress towards achieving biodiversity.
- **Recommendation 10**: As the government continues its activities on protected areas, there is the continued need to ensure that a consistent consultation process with the mineral industry is maintained, and that all ASIs continue to have technical merit as they pertain to the preservation of biodiversity.
- **Recommendation 11**: Consistent technical criterion, and the principle of working in partnership with industry and environmental stakeholders should be extended to the ongoing heritage rivers designation process, and Manitoba should encourage the federal government to adopt the Mining Sector Consultation process as used in the Protected Areas Initiative as a model for the consideration of heritage river designation in Manitoba.
- **Recommendation 12**: That Manitoba continue with its work in remediating orphaned and abandoned mine sites, and that Manitoba encourage the federal government to consider its responsibilities for mine clean-up as many abandoned mines were originally initiated to produce ore to assist in the war effort.

Section 3: Research and Development

Through the Manitoba Geological Survey, the Task Force learned that Manitoba produces some of the most technologically sophisticated data that is available to private sector investors and explorationists , and to the public at large. The Task Force's recommendations are centered around the government maximizing the contributions this research can make to building a better Manitoba, and to catalyzing economic opportunities in northern regions.

- **Recommendation 13**: The government should consider integrating the activities of the Manitoba Geological Survey with its broader climate change initiatives, and encourage the collection of data relating to the effects of climate change in the north as a means of catalyzing new environmental industries in northern communities.
- **Recommendation 14**: The development of technologies to mitigate climate change holds considerable promise. The government should monitor all developments around emerging environmental technologies with an eye toward possibly using Manitoba minerals to facilitate the development of such technologies.

Section 4: Community Development

As was indicated earlier in this report, the mining and petroleum industries are the focal point of economic development activities in many communities. The vast majority of presenters commented on the contributions the industry has made to the building of their regions, and the need for improved communication between the regions and mining interests. Presenters also commented on the need to extend the benefits of mining activities to First Nation communities, and to involve First Nation people in the development of new mining-related opportunities.

Task Force members met with residents and community leaders from Leaf Rapids to discuss concerns and obstacles related to community adjustment. Particularly noteworthy to the Task Force were the points raised emphasizing the need for proper early planning to assist individuals and families who are adversely affected by mine closures, and for economic diversification, issues that are paramount in isolated northern communities that are dependent on the mineral industry. It was also noted that residents of existing mining communities have a role to play to ensure that economic diversification activities are taking place.

At the same time, Task Force members were told of significant opportunities in the mineral industry, and the need for government to be prepared in order to fully take advantage of the economic benefits. This requires ongoing dialogue to ensure that all stakeholders are familiar with the work that is currently taking place, and the opportunity for communities to participate in the planning to support the development of additional resources.

- **Recommendation 15**: The government should use the Mining Community Reserve Fund more proactively as a means of stimulating economic and community development in the north, and should allow the fund to be used for infrastructure investments in mining communities.
- **Recommendation 16**: That Manitoba prepares for new mineral industry developments, particularly in the fledgling diamond resource industry and other greenfield mineral occurrences by beginning a series of proactive consultations with communities. The proposed consultations should apprise communities of exploration activities taking place in their regions, and foster dialogue between exploration companies and affected First Nation and Northern Association of Community Council communities. In addition, Manitoba should take steps to encourage further aboriginal involvement in mineral exploration.

- **Recommendation 17**: The government should immediately begin dialogue with industry and First Nations to discuss a framework for maximizing benefits for local communities. Manitoba Hydro's initiative to maximize training, employment, business opportunities and potential aboriginal partnerships is an excellent example of what could be pursued.
- **Recommendation 18**: Manitoba should strongly encourage community and regional partnerships to support mining activity and to make optimal use of existing infrastructure and other resources already available in other communities. The Task Force notes that communities such as Bissett, Lynn Lake and Leaf Rapids have a proven track record of excellent support to the needs of the mining industry, with existing infrastructure. The establishment of new mining communities should be avoided at a time when there are opportunities to explore maximum utilization of Manitoba's existing communities.

Thoughts from Members of the Mining Task Force

"Given the fact that I worked on the diamond drills in Northern Manitoba in my early days before embarking on an 18-year career in the oilfields, working on the Task Force was a very rewarding experience for me. I believe the minerals industry has great potential in this province and am happy to see that this government is giving it the attention it deserves." **Tom Nevakshonoff, MLA for Interlake**

"This is a billion-dollar industry. It's hard to underestimate the impact of it in this province. I was pleased to be a part of the Task Force addressing the concerns of the mineral and petroleum industries." **Doug Martindale, MLA for Burrows**

"The Mining Task Force that toured the province was important to the mining industry and to government because it identified certain problems and therefore brought the two closer together. The mining industry appreciated the Task Force's effort to reach out and listen to their concerns. Important information was gathered and passed on to the Minister and other decision-makers in government." **Harry Schellenberg, MLA for Rossmere**

"As the Mining Task Force traveled to various regions of Manitoba, I was impressed by the candor and quality of the presentations. Stakeholder input and direction from the grassroots are critical in ensuring that together we chart new directions for ongoing and future development of the mining and petroleum sectors." **Gerard Jennissen, MLA for Flin Flon**